BOOK REVIEWS

The Principles of Economics: A Fragment of a Treatise on the Industrial Mechanism of Society; and Other Papers. By the late STANLEY W. JEVONS, LL.D., M.A., F.R.S. With a Preface by HENRY HIGGS. London: Macmillan & Co, 1905. Pp. xxviii + 264.

It would be more than unfair to call this a gratuitous piece of book-making; Jevon's name and influence are too important in the history of economic science to permit that any part of his work should be without interest to the specialist in this field.

There remains, however, question whether the character and contents of the book are quite accurately and honestly indicated by the face-title. True, the facts are sufficiently set forth by the title-page; and the preface by Professor Higgs makes it clear that the entitling of the book has simply followed Jevon's decision, and is in no sense a matter of the editor's choice. But the outside title runs unmitigatedly "*The Principles of Economics,* W. S. JEVONS." The initiated economist is possibly to be taken as, on the whole case, safe enough against the frauds of the book trade; the same thing can hardly be said of the book-reading public in general.

In any event, the seeming treatise is really a fragment; out of the seventy-two chapters projected by Jevons, only nineteen are represented in the text; and some of these chapters are themselves fragments; 151 pages are given in the total. The remaining one hundred pages going to complete the volume are devoted to five essays of Jevons, none of them elsewhere accessible in book form, and one of them never before published.

On the whole, then, the book may be said to be well justified, even though it be equally clear that the form and title and bulk of it fall somewhere between the questionable and the indefensible. The editing by Professor Higgs appears to have been done in a most thorough and scholarly way.

Such account as is here practicable of the book will best be given mostly by citation from the text.

The earlier confusion of marginal utility with purchase price, so thoroughly exposed by Marshall, is present here, though not quite so obtrusively as in the *Theory*. Of this, however, there is perhaps, no need of examples. More to the purpose, possibly, is the assumption, common also to the Austrians, of the homogeneity or commensurability of different utilities for different men: "Commerce is the exchange of the *comparatively* superfluous for the *comparatively* necessary (p. 4)—correct enough doctrine, if interpreted as a comparison of two different goods in relation to one and the same human being; but the comparison becomes an impossible one, if taken as referring one of two utilities to one trader, and the other of the utilities to the other trader.

The same confusion of thought is implied in the following:

> Both articles exchanged gain utility by the exchange [two-man view] . . . . Every free act of exchange must imply increase of utility [one-man view]; hence, not only must utilities, as a general rule, retain their former utility, but acquire more utility in the hands of their new possessors [commensurability view.] (p. 5).

This is bad, not only as implying that utilities for different men are commensurable quantities, but also that when, for example, the poor man sells the rich man a cow, it is to be taken as certain that the cow goes from a smaller absolute utility-service to a greater, rather than merely to a man needing a cow less relatively to the significance of the market money-equivalent. But two pages further on one aspect of the truth receives adequate statement:

> As a general rule . . . . the things we give in exchange have a certain degree of utility, yet those we receive in return have a higher utility. When Americans send bacon to England to exchange for tea and sugar, it is not because all Americans are absolutely saturated with bacon or indifferent to it, but because they are less saturated with tea and sugar. There is to them utility in the bacon given, but more utility in the tea and sugar. On the other hand, to the English who buy the bacon it possesses more utility than the tea, sugar, or other articles with which they pay for it, useful though these may nevertheless be (p. 5).

Likewise, later thought would take exception to the following relations stated between goods and wealth, and between wealth and services:

> Wealth consists in abundance of things which are *de facto* useful to us in abundance of utility. . . . We may define wealth as *matter* (and services) *in a right place* (p. 14).

The following suggested modifications in terminology have long awaited a deserved acceptance:

Wealth is no more made to be consumed than a China tea-service is made on purpose that a waiter may drop the tray and smash the cups and saucers. Utilization, and not consumption, is the end and purpose of the production of wealth (p. 22).

We should commonly say that a considerable quantity of silver is consumed by photographers; that sulphuric acid is consumed by chemical manufacturers in making soda carbonate; that mahogany is consumed by the cabinet-maker; and so forth. It is evident, however, that in such cases of consumption there is no loss of utility, but a gain. . . . . There is, in fact, no consumption at all (p. 33).

In writings of the Ricardo-Mill school we find a great deal said about *productive* and *unproductive consumption*. . . . . There is a complete confusion of ideas in this doctrine. All consumption is simply consumption, and, except in the ambiguous case of the consumption of materials, consumption cannot possibly be called productive.

The value of a watch is not another watch, nor any number of gold sovereigns. It means the ratio of 1 to 10 or 1 to 20, as the case may be, in which the watch exchanges for gold sovereigns. Value is a numerical ratio, an abstract number (p. 52).

The following usage, though still the more common one, seems to this reviewer entirely regretable: "As price falls, demand rises; as price rises, demand falls; such is the empirical law of demand" (p. 58). This is simply to confuse demand with consumption, or with amount purchased; making demand a fact with the aid of which to explain price, it defines demand as the derivative of a price otherwise somehow determined.

An interesting and important change appears to have taken place in Jevons' concept of capital; in the *Theory* he had written:

[Capital] consists merely in the aggregate of those commodities which are required for sustaining laborers of any class or kind engaged in work. A stock of food is the main element of capital; but supplies of clothes, furniture, and all other articles in common daily use are also necessary parts of capital. . . . . The capital is not the railway, but the food of those who made the railway. (2d ed., London, p. 242.)

But in the present work it is said:

We might conceive a peasant in the Sandwich Islands owning a bread-fruit tree which provided him with bare subsistence all the year round. If this peasant used such subsistence to enable him to build a good house, improve

his farm, plant new bread-fruit trees, and otherwise work for the future, he would be creating capital. The fruit of the tree would be put to the purpose of capital, and would be consumed immediately that it was ripe. But the saving would be the improvement of the farm (p. 125).

It must be admitted that this is not, for purposes of interpretation, quite definitive upon the question; it is possible that Jevons still regarded the food as the capital, but held that the saving followed rather than preceded the creation of capital—held, that is, that only the food may be capital, but that it becomes so only when the new purpose attaches to use the food for purposes of sustaining life the while there is created a something which shall be savable, but nvertheless somewhat indeterminate in name—not capital surely—instrumental goods possibly.

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British Economics in 1904. By W. R. Lawson. Edinburgh and London: William Blackwood & Sons, 1904. 8vo, pp. vi + 401.

The author, in his introductory chapter, tells us that the next twenty years will be for the British empire the most critical period in its long history. Great social, political, and industrial problems are coming to the fore, and on their solution the future of the British empire hangs. The book deals largely with practical economics, and practical economics in England centers largely around questions relating to foreign commercial politics. Many of the chapters have already appeared as magazine articles. Such questions are discussed as "The New Industrial Era," "Old and New Standards of National Wealth," "Foreign *vs.* Home-Grown Food," "Our Joint-Stock Directors," "Our Foreign-Controlled Money Market," "Our Foreign Trade" (its statistical defects, its natural and artificial restrictions, its costly economies, its tariff walls, its futile treaties, its debit balance), "our Invisible Exports," etc., etc. The book is largely critical in character. The author points out in every chapter how much poor economics has crept into all recent discussions regarding the various problems agitating the British public, and, without being dogmatic, offers many suggestions which might well be followed. The general attitude and style of the author are reflected in his concluding paragraphs: